

JUDGE ROBINSON

ORIGINAL

07 CV 3857

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ATTORNEYS FOR PLAINTIFF

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

-----X
ENCOMPASS INSURANCE COMPANY, :
as subrogee of Juan Polanco and Martina Fernandez, :
 :
Plaintiff, :
 :
- against - :
 :
DE LIMA CONTRACTORS, INC., GENE DE OLIVEIRA: :
Individually, and d/b/a OLIVEIRA CONTRACTING, INC.: :
and ALBERT PALANCIA AGENCY, INC., :
 :
Defendants. :
-----X

Case No.

RULE 7.1 STATEMENT

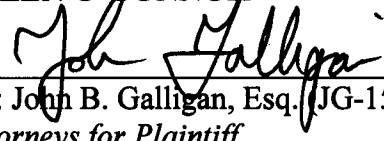
FILED
U.S. DISTRICT COURT
2007 MAY 17 AM 10:17
S.D. OF N.Y.

Pursuant to Federal Rule of Civil Procedure 7.1 (formerly Local General Rule 1.9) and to enable District Judges and Magistrate Judges of the Court to evaluate possible disqualification or recusal, the undersigned counsel for plaintiff, Encompass Insurance Company, as subrogee of Juan Polanco and Martina Fernandez, (a private non-governmental party) certifies that the following are corporate parents, affiliates and/or subsidiaries of said party, which are publicly held.

SEE ATTACHED

Dated: New York, New York
May 16, 2007

COZEN O'CONNOR


By: John B. Galligan, Esq. (JG-1589)
Attorneys for Plaintiff
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Roche, George E. Ruebenson, Eric A. Simonson, Casey J. Sylla, Joseph V. Tripodi, Thomas J. Wilson II.

REGULATORY

An examination of the financial condition was made as of December 31, 2003 by the Insurance Departments of Delaware, Illinois, Mississippi and Nevada. An annual independent audit of the company is conducted by Deloitte & Touche, LLP. An annual evaluation of reserves for unpaid losses and loss adjustment expenses is made by KPMG, LLP.

Territory: The company is licensed in the District of Columbia, Puerto Rico, AL, AK, AZ, AR, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI and WY. It is also licensed in all Canadian provinces and territories.

REINSURANCE PROGRAMS

For a detailed discussion of reinsurance, refer to the report of Allstate Insurance Group.

BALANCE SHEET

ADMITTED ASSETS (\$000)

	12/31/04	12/31/03	'04%	'03%
Bonds	27,019,631	25,971,775	60.4	60.8
Preferred stock	309,279	331,456	0.7	0.8
Common stock	4,513,336	4,072,812	10.1	9.5
Cash & short-term invest	480,259	8,982	1.1	0.0
Other non-affil inv asset	928,696	535,105	2.1	1.3
Investments in affiliates	5,322,942	5,442,423	11.9	12.7
Real estate, offices	326,516	339,579	0.7	0.8
Total invested assets	38,900,659	36,702,133	87.0	86.0
Premium balances	3,851,044	3,610,414	8.6	8.5
Accrued interest	352,962	476,214	0.8	1.1
All other assets	1,607,081	1,901,832	3.6	4.5
Total assets	44,711,746	42,690,593	100.0	100.0

LIABILITIES & SURPLUS (\$000)

	12/31/04	12/31/03	'04%	'03%
Loss & LAE reserves	14,173,834	13,990,287	31.7	32.8
Unearned premiums	8,444,573	7,939,031	18.9	18.6
Conditional reserve funds	166,867	69,509	0.4	0.2
All other liabilities	5,159,749	4,591,183	11.5	10.8
Total liabilities	27,945,024	26,590,010	62.5	62.3
Capital & assigned surplus	2,246,012	2,226,232	5.0	5.2
Unassigned surplus	14,520,710	13,874,352	32.5	32.5
Total policyholders' surplus	16,766,722	16,100,583	37.5	37.7
Total liabilities & surplus	44,711,746	42,690,593	100.0	100.0

SUMMARY OF 2004 OPERATIONS (\$000)

Statement of Income	12/31/04	Funds Provided from Operations	12/31/04
Premiums earned	23,628,375	Premiums collected	23,951,995
Losses incurred	12,294,869	Benefit & loss related pmts	12,110,074
LAE incurred	2,731,243	Net transfers to accounts	...
Undrw expenses incurred	6,137,941	LAE & undrw expenses paid	8,594,879
Div to policyholders	-1	Div to policyholders	-1
Net underwriting income	2,464,323	Undrw cash flow	3,247,044
Net investment income	2,038,188	Investment income	2,065,115
Other income/expense	285,731	Other income/expense	285,731
Pre-tax oper income	4,788,242	Pre-tax cash operations	5,597,890
Realized capital gains	505,015	Income taxes pd (recov)	1,457,798
Income taxes incurred	1,429,709	Net oper cash flow	4,140,093
Net income	3,863,547		

ALLSTATE INSURANCE GROUP

3075 Sanders Road, Suite G2H, Northbrook, IL 60062-7127

Web: www.allstate.com

Tel: 847-402-5000

Fax: 847-402-9116

AMB#: 00008

BEST'S RATING

Based on our opinion of the group's Financial Strength, it is assigned a Best's Rating of A+ (Superior). The group's Financial Size Category is Class XV. Refer to the Preface for a complete explanation of Best's Rating system and procedure.

RATING UNIT MEMBERS

Allstate Insurance Group

(AMB# 00008):

AMB#	COMPANY	RATING
00764	Allstate County Mutual Ins Co	A+ g
03652	Allstate Fire & Cas Ins Co	A+ g
02018	Allstate Indemnity Company	A+ g
02017	Allstate Insurance Company	A+ g
12482	Allstate North American Ins Co	A+ g
01978	Allstate Prop & Cas Ins Co	A+ g
10678	Allstate Texas Lloyd's	A+ g
11559	Deerbrook Insurance Company	A+ g
00542	Encompass Indemnity Company	A+ g
11794	Encompass Insurance Company	A+ g
03791	Northbrook Indemnity Company	A+ g

RATING RATIONALE

Rating Rationale: The rating reflects Allstate's superior financial strength, favorable operating performance and significant market presence. Modestly offsetting these positive rating factors is the group's exposure to frequent and severe weather related events. The rating outlook is based on the group's superior capitalization and A.M. Best's expectation of continued favorable earnings.

The group's strong capital position reflects management's conservative operating philosophies and correspondingly stable balance sheet. Further, management's commitment to capital discipline is reflected in the relatively low financial leverage maintained at The Allstate Corporation, as well as the additional liquidity provided at the holding company level through available lines of credit, its Kennett Capital, Inc. investment company, access to the capital markets as well as its commercial paper program. The group continues to compare favorably to its private passenger auto and homeowners industry composite peers due to its solid underwriting capabilities and consistent stream of investment income from its well-diversified conservative portfolio. The improvement in operating results in recent years reflects the group's tightened underwriting guidelines, improved risk segmentation along with firm pricing conditions. In addition, underwriting results in recent years reflect the favorable impact of the group's various expense management initiatives as well as its significant investment in technology. The group maintains an outstanding market presence as the second largest personal lines writer.

Allstate has implemented a variety of strategic initiatives to enhance its operating performance, accelerate organic growth and further increase its market presence. These strategic initiatives included the creation of a platform that provides customers with multiple access points to sales and service capabilities through Allstate agencies, the internet and direct call centers. These initiatives have also provided value-added customer services and have broadened Allstate's products and distribution channels. Further, the acquisition of Encompass Insurance (formerly CNA's personal lines business) enhanced the group's penetration of the independent agent market with improved performance recorded in recent years as a result of pricing and reunderwriting initiatives. The group diversified its earnings stream in recent years through the increased presence of Allstate Financial's retirement products. In an effort to further improve its overall position, the group also gained a full-service thrift charter for the Allstate Bank allowing the group to offer a wide range of consumer banking products. Another ongoing endeavor is the rollout and continual enhancement of its risk segmentation, underwriting and pricing tool, Strategic Risk Management (SRM). SRM is a comprehensive approach that coordinates the group's competitive position, marketing / retention strategies and underwriting guidelines to focus on profitability, growth and high value lifetime customers. Along with these initiatives, advertising expenditures have recently increased to reinvigorate and leverage its long-standing brand as "The Good Hands" company, as well as the rollout of Encompass.

Prior to 2001, the group consistently reported favorable loss reserve development on its core automobile and homeowner lines. However, due to a number of factors, adverse development occurred in accident years 2000 and 2001. Key drivers impacting loss reserve adequacy for those accident years were unusual late reported loss emergence due to severe weather experienced

ALLSTATE INSURANCE GROUP

at the end of 2000, late reported loss emergence and increased severity associated with mold-related losses, and litigation related reserve re-estimates. In addition, the group posted unfavorable reserve development on its discontinued lines, primarily with regard to asbestos. Recently, improvement in loss reserve development patterns has been noted, however, continued monitoring is needed to determine the sustainability of these results.

Best's Rating: A+

Outlook: Positive

FIVE YEAR RATING HISTORY

Rating as of July 22, 2005: A+

Date	Best's Rating	Date	Best's Rating
06/10/05	A+	01/17/03	A+
06/15/04	A+	01/14/02	A+
02/18/04	A+	03/13/01	A+
06/12/03	A+		

KEY FINANCIAL INDICATORS (\$000)

Period Ending	Statutory Data					Total Admitted Assets	Policyholders' Surplus
	Direct Premiums Written	Net Premiums Written	Pretax Operating Income	Net Income			
2000	19,708,700	21,622,807	1,823,852	1,871,065		38,827,428	12,761,458
2001	20,524,617	21,991,337	1,254,867	1,066,722		39,289,547	13,796,456
2002	21,908,396	23,342,077	1,862,877	1,401,831		40,867,844	13,798,341
2003	23,138,811	24,636,888	3,049,210	2,844,957		44,632,060	16,146,058
2004	24,710,596	25,983,894	3,683,752	3,148,537		47,210,538	16,802,489

Period Ending	Profitability			Leverage			Liquidity	
	Comb. Ratio	Yield (%)	Pretax ROR (%)	NA Inv Lev	NPW to PHS	Net Lev.	Overall Lq. (%)	Oper. Cash-flow (%)
2000	101.2	5.5	8.4	54.9	1.7	3.7	149.6	104.7
2001	103.5	5.6	5.8	45.9	1.6	3.4	154.5	101.2
2002	99.8	5.1	8.2	34.3	1.7	3.6	151.3	108.8
2003	95.2	5.0	12.7	38.7	1.5	3.3	157.1	116.4
2004	94.1	5.3	14.5	42.3	1.5	3.3	156.1	115.5
5-Yr	98.5	5.3	10.1

(*) Data reflected within all tables of this report has been compiled through the A.M. Best Consolidation of statutory filings. Within several financial tables of this report, this group is compared against the Private Passenger Auto & Homeowners Composite.

CORPORATE OVERVIEW

Allstate Insurance Group, led by Allstate Insurance Company, is primarily engaged through its subsidiaries and affiliates in personal property and casualty and life insurance. Established in 1931 by Sears, Roebuck and Co., Allstate is the country's second largest property and casualty underwriter and ranks among the top twenty-five largest life and health insurers.

Allstate offers customers the ability to contact them through a multi-channel distribution and service model called the "The Good Hands Network". This system allows consumers to buy and obtain service for certain Allstate personal property and casualty products through Allstate agencies, the internet and call centers. The three channels are integrated, allowing customers to receive the same products, price and service regardless of their preferred method of interacting with the company. In 2000, the group implemented a new distribution system by reorganizing its agencies into the exclusive agency independent contractor program, equipping agencies with increased access to customer data as well as opening Customer Information Call Centers.

In an effort to increase premium revenue from the independent agent channel, the group acquired the personal lines business of CNA Financial Corporation in 1999, subsequently renamed Encompass Insurance. As a result of a transitional arrangement between Allstate and CNA, some of the Encompass insurance products are currently written by underwriting companies owned by affiliates of CNA Financial Corporation and 100% reinsured by companies of the Allstate Group.

Allstate's property and casualty operations consist primarily of two principal areas of business: Allstate Protection and Discontinued Lines and Coverages. Allstate Protection, formerly named Personal Property and Casualty (PP&C), which historically included only the group's personal property and casualty business, now includes the ongoing commercial business written through the Allstate agency distribution channel. Discontinued Lines and Coverages consists of business no longer written by Allstate, including results from emerging asbestos, pollution and other mass tort claims and other business in run-off, and the historical results of the mortgage pool business and the businesses sold in 1996.

Private passenger automobile and homeowners products represent Allstate's primary business. The group maintains commanding national market shares and is second in the industry for each line. The group's relatively small amount of commercial lines business — representing approximately 5% of property and casualty net writings — is sold largely to small and medium sized establishments. Allstate's personal lines strategy is to pursue accelerated

growth and profitability through initiatives to become better, bigger and broader. In an effort to offer its customers increased efficiencies and value, Allstate Non-Insurance Holdings, Inc. acquired Sterling Collision Centers Inc. in 2001. The acquisition included 39 collision repair facilities in seven states with a strong management team with future expansion capabilities. Further, Allstate continues to reduce its high exposure to catastrophe losses through a number of loss mitigation, marketing, pricing and product initiatives.

Allstate Life Insurance Company and its life insurance subsidiaries and affiliates primarily market personal financial products including life insurance and annuities. Allstate Financial intends to expand its cross-selling of personal financial products through the property and casualty agency force. Personal financial products are marketed through multiple distribution channels: career agents, independent agents, brokers and financial planners, exclusive financial specialists, financial institutions and the Internet. Further, the 1999 acquisition of American Heritage Life Investment Corporation, the third largest distributor of life, disability and health insurance to employees at their workplace, as well as strategic alliances with major brokerage and mutual fund complexes has helped broaden Allstate.

A.M. Best's rating of Allstate Insurance Group applies to the group's lead company, Allstate Insurance Company, and its wholly-owned subsidiaries, and is based on the consolidation of these companies as well as the separately rated wholly-owned subsidiaries, Allstate Floridian Insurance Company, Allstate Floridian Indemnity Company, Allstate New Jersey Insurance Company and Encompass Insurance Company of New Jersey, the group's dedicated Florida and New Jersey only subsidiaries.

CORPORATE STRUCTURE

AMB	COMPANY NAME	DOMICILE	% OWN
58312	Allstate Corporation	DE	
02017	Allstate Insurance Company	IL	100.00
00764	Allstate County Mutual Ins Co	TX	
03652	Allstate Fire & Cas Ins Co	IL	100.00
50038	Allstate Holdings LLC	DE	100.00
12128	Allstate Floridian Indem Co	IL	100.00
10648	Allstate Floridian Ins Co	IL	100.00
12711	Encompass Floridian Indemnity	IL	100.00
12710	Encompass Floridian Ins Co	IL	100.00
02018	Allstate Indemnity Company	IL	100.00
85704	Allstate Insurance Co Canada	Canada	100.00
85774	Pembroke Insurance Company	Canada	100.00
06027	Allstate Life Ins Co	IL	100.00
07289	Allstate Assurance Company	IL	100.00
07291	Allstate Life Ins Co of NY	NY	100.00
06211	Charter National Life Ins Co	IL	100.00
06572	Intramercia Life Ins Co	NY	100.00
06657	Lincoln Benefit Life Co	NE	100.00
07109	Surety Life Ins Co	NE	100.00
12482	Allstate North American Ins Co	IL	100.00
01978	Allstate Prop & Cas Ins Co	IL	100.00
50042	Allstate Texas Lloyd's Inc.	TX	100.00
10678	Allstate Texas Lloyd's	TX	
50535	Encompass Financial Group, LLC	DE	100.00
03791	Northbrook Indemnity Company	IL	100.00
11559	Deerbrook Insurance Company	IL	100.00
50719	Encompass Holdings LLC	DE	100.00
11794	Encompass Insurance Company	IL	100.00
00542	Encompass Indemnity Company	IL	100.00
50039	NJ Holdings, LLC	DE	100.00
12106	Allstate New Jersey Insurance	IL	100.00
12612	Encompass Insurance Co of NJ	IL	100.00
50053	Allstate Intern Ins Holdings	DE	100.00
73175	Allstate Reinsurance Ltd	Bermuda	100.00
58007	American Heritage Life Inv Cp	FL	100.00
06064	American Heritage Life Ins Co	FL	100.00
06259	Concord Heritage Life Ins Co	NH	100.00
50536	Fidelity International Co Ltd	Bahamas	100.00
84347	Fidelity International Ins Co	Bahamas	100.00
00201	First Colonial Insurance Co	FL	100.00
08960	Keystone State Life Ins Co	PA	100.00

Allstate County Mutual Insurance Company is directed by the same management and staff associated with Allstate Insurance Company. Allstate Texas Lloyd's is owned by Allstate Texas Lloyd's, Inc., an attorney-in-fact.

BUSINESS REVIEW

Collectively, the property and casualty group led by Allstate Insurance Company writes multiple lines of personal and commercial insurance throughout the United States and in Canada. The group's mix of business is split approximately 95% personal lines and 5% commercial lines. Primary lines of business are private passenger automobile and homeowners insurance, which respectively represent approximately 70% and 25% of Allstate's total book of property and casualty business. With personal automobile lines serving as an entree, agents are capable of cross-selling other products to